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assets held by the insurer (other than plan assets held in its separate accounts) constitute assets of the plan for purposes of this part and section 4975 of the Internal Revenue Code of 1986 and to provide guidance with respect to the application of this title to the general account assets of insurers.

(B) The proposed regulations under subparagraph (A) shall be subject to public notice and comment until September 30, 1997.

(C) The Secretary shall issue final regulations providing the Regulations, guidance described in subparagraph (A) not later than December 31, 1997.

(D) Such regulations shall only apply with respect to policies which are issued by an insurer on or before December 31, 1998, to or for the benefit of an employee benefit plan which is supported by assets of such insurer's general account. With respect to policies issued on or before December 31, 1998, such regulations shall take effect at the end of the 18-month period following the date on which such regulations become final.

(2) The Secretary shall ensure that the regulations issued under paragraph (1)—

(A) are administratively feasible and
(B) protect the interests and rights of the plan and of its participants and beneficiaries (including meeting the requirements of paragraph (3)).

(3) The regulations prescribed by the Secretary pursuant to paragraph (1) shall require, in connection with any policy issued by an insurer to or for the benefit of an employee benefit plan to the extent that the policy is not a guaranteed benefit (as defined in subsection (b)(2)(B))—

(A) that a plan fiduciary totally independent of the insurer authorize the purchase of such policy (unless such purchase is a transaction exempt under section 408(b)(5));

(B) that the insurer describe (in such form and manner as shall be prescribed in such regulations) in annual reports and in policies issued to the policyholder after the date on which such regulations are issued in final form pursuant to paragraph (1)(C);

(i) a description of the method by which any income and expenses of the insurer's general account are allocated to the policy during the term of the policy and upon the

termination of the policy and
the (ii) for each report, the actual return to
under the policy and such other financial
information as
the Secretary may deem appropriate for the
period covered
by each such annual report.

"(C) that the insurer disclose to the plan
fiduciary the
extent to which alternative arrangements
supported by assets
of separate accounts of the insurer (which
generally hold plan
assets) are available, whether there is a right
under the policy
to transfer funds to a separate account and the
terms governing
any such right, and the extent to which
support by assets
of the insurer's general account and support by
assets of separate accounts of the insurer might pose differing
risks to the plan, and

"(D) that the insurer manage those assets of
the insurer
which are assets of such insurer's general
account (irrespective
of whether any such assets are plan assets)
with the care,
skill, prudence, and diligence under the
circumstances then